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REMARKS

Claims 1, 3, 4, 6-10, 12, 14-18, 20, 22, 24-31 and 33 are still pending in this application. Reconsideration of the application is earnestly requested.

The Examiner has rejected the independent claims under 35 USC §103 as being unpatentable over *Farrar et al.* (*Farrar*) in view of *Templeton et al.* (*Templeton*). Although the Examiner's arguments have been carefully considered, Applicant respectfully traverses these rejections as explained below.

The Cited Art Distinguished

Independent claims 1, 9 and 31 require that the drawee computer receives the checking account information and parses the checking account information itself. Thus, parsing occurs reliably at the drawee bank. The instant specification at page 4, lines 22-23 points out that one advantage of the present invention is that check losses can be lowered by retrieving check authorizations directly from the bank on which the check is drawn, *i.e.*, directly from the drawee bank. The drawee bank is where the customer maintains his or her checking account and is in the best position to analyze that account and to provide authorization to a merchant (page 9, lines 12-16).

For example, the drawee bank is in the best position to perform conversion, verification or guarantee. The instant specification at page 17, final paragraph, points out that the drawee bank can check to see if a valid account exists at the bank if conversion only is requested. If verification is requested, the bank is able to verify the account and also verify that adequate funds are in the account. Further, if guarantee is requested, the drawee bank is able to place a hold on the account for the amount of the transaction. The drawee bank is in the best position to perform these actions because it is where the customer maintains his or her account.

For all these reasons, the present invention provides numerous advantages by specifically requiring that the drawee bank is able to perform conversion, verification or guarantee, and that parsing occurs at the drawee bank and not anywhere else. None of the cited references disclose that parsing of the raw MICR data occurs at the drawee bank.

*Templeton* discloses a check acceptance service 20 that includes an authorization host computer 35 that is capable of parsing data and authorizing checks. But, the check acceptance

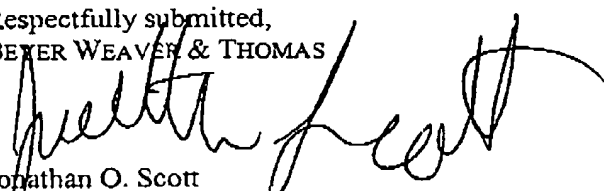
service is not a drawee bank, is not a processor for a drawee bank and is far removed from any drawee bank. The check acceptance service does not maintain a customer account and is not in the best position to perform conversion, verification or guarantee. In short, check acceptance service 20 is in no way similar to, or equivalent to, a drawee bank. For example, because the check acceptance service does not maintain any customer account, it must rely upon negative file 85 and positive file 87 in order to authorize checks. By contrast, the drawee bank relies upon the actual customer accounts themselves. There is a world of difference.

The Office action relies upon *Templeton* as showing a drawee bank that performs parsing. But, the only disclosure found in *Templeton* is that of the check acceptance service; there is no discussion whatsoever of any kind of drawee bank.

For all these reasons it is respectfully submitted that claims 1, 9 and 31 are patentable over the art of record and it is requested that the rejection of these claims be withdrawn.

Reconsideration of this application and issuance of a Notice of Allowance at an early date are respectfully requested. If the Examiner believes a telephone conference would in any way expedite prosecution, please do not hesitate to telephone the undersigned at (612) 252-3330.

Respectfully submitted,  
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